



# PRESS RELEASE

## Internal Revenue Service - Criminal Investigation *Chief Richard Weber*

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IRS – Criminal Investigation

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### **Detroit-Area Physician Sentenced to 45 Months in Prison for Role in \$5.7 Million Medicare Fraud Scheme**

A Detroit-area doctor who prescribed medically unnecessary controlled substances and billed for office visits and diagnostic testing that never took place was sentenced to 45 months in prison today for his role in a \$5.7 million Medicare fraud scheme.

Assistant Attorney General Leslie R. Caldwell of the Justice Department's Criminal Division, U.S. Attorney Barbara L. McQuade of the Eastern District of Michigan, Special Agent in Charge David P. Gelios of the FBI's Detroit Field Office, Special Agent in Charge Lamont Pugh III of the U.S. Department of Health and Human Services Office of Inspector General (HHS-OIG) Chicago Region and Special Agent in Charge Jarod J. Koopman of Internal Revenue Service-Criminal Investigation (IRS-CI) Detroit Field Office made the announcement.

Laran Lerner, 59, of Northville, Michigan, was sentenced today by U.S. District Judge Victoria A. Roberts of the Eastern District of Michigan, who also ordered Lerner to pay \$2,789,409 in restitution. Lerner pleaded guilty on Aug. 31, 2015, to one count of health care fraud and one count of structuring cash transactions to avoid bank reporting requirements.

According to admissions made as part of his plea agreement, Lerner lured patients into his clinic with prescriptions for medically unnecessary controlled substances and then caused Medicare to be billed for a variety of unnecessary prescriptions, diagnostic tests and office visits to make it appear as though he was providing legitimate medical services. Lerner admitted that in reality, the controlled medications were simply used to facilitate and conceal his scheme to steal millions of dollars from the Medicare program. According to Lerner's plea agreement, Medicare was billed \$5,748,237 as a result of Lerner's unnecessary prescriptions, office visits and diagnostic testing.

Lerner also admitted that he structured cash deposits he received as a result of his scheme in \$5,000 increments on consecutive days at various branch locations in the Detroit area in order to avoid the requirement that domestic banks file a currency transaction report with the Secretary of the Treasury for all currency transactions over

\$10,000. According to his plea agreement, for example, in April 2013, Lerner deposited \$70,000 in cash by making deposits of \$5,000 on 14 different days.

As part of the plea agreement, Lerner agreed to permanently surrender his Drug Enforcement Administration controlled substance registration and agreed to not to re-apply for this license in the future, and agreed that were he granted any application from any agency to prescribe or dispense controlled substances, it would be against the public interest.

The FBI, HHS-OIG and IRS-CI investigated the case, which was brought as part of the Medicare Fraud Strike Force, supervised by the Criminal Division's Fraud Section and the U.S. Attorney's Office of the Eastern District of Michigan. Fraud Section Trial Attorney Elizabeth Young is prosecuting the case.

Since its inception in March 2007, the Medicare Fraud Strike Force, now operating in nine cities across the country, has charged over 2,300 defendants who collectively have billed the Medicare program for over \$7 billion. In addition, the HHS Centers for Medicare & Medicaid Services, working in conjunction with the HHS-OIG, are taking steps to increase accountability and decrease the presence of fraudulent providers.

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